

ANNUAL REPORT 2007

The Board of Directors and President of Vattenfall Treasury AB (publ) Swedish corporate identity number 556439-0606, herewith submit the annual accounts for 2007, which has been translated from the Swedish original.

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ADMINISTRATIVE REPORT

Vattenfall Treasury (VFT) is a wholly owned subsidiary of Vattenfall AB (registered in Stockholm, 556036-2138) with responsibility for co-ordinating borrowing, liquidity management and the management of associated risk exposure for the Vattenfall Group. VFT also constitutes part of the financial staff of the Group, and is responsible for co-ordinating the Group's internal banking activities.

Financial Performance and Position

(Amounts in SEK million)

	2007	2006	2005	2004	2003
Net interest income/expense	611	877	752	268	212
Net currency income/expense	-13	-9	16	-1	12
Operating expenses	-36	-36	-33	-36	-35
Operating profit/loss	563	832	735	231	189
<hr/>					
Total assets	99 945	103 460	93 927	73 903	67 275
Equity	560	560	561	562	562
Average number of employees	18	18	17	18	19

The decreased result compared to 2006 is mainly due to deteriorated internal interest net. The single most important factor that also has the largest impact on the operating profit is the relative development of the external market interest rates compared to the group internal interest rates that are fixed at the beginning of the year. If the cost for external funding increases during the year, the operating profit will decrease and vice versa.

The company has no target for return on equity. The purpose is to finance the Group within given limits regarding duration (see below under "Interest and currency risk") and fixed average remaining maturity (see below under "Liquidity Risk"). The limits are stipulated in Group instructions.

Financial Risk Management

The Group's financial management operations are conducted in accordance with the rules and limits established by the Board and Executive Group Management of Vattenfall as to interest and currency risk exposure, availability of funds, liquidity and credit risk. Internal security and control are given very high priority. VFT is responsible for co-ordinating and reporting the financial risks of the Group.

Liquidity Risk

The Group's operations are capital-intensive with major fluctuations in liquidity over the year, which makes it necessary to have both short-term and long-term funds available.

The Group objective as regards access to short-term capital is that funds equivalent to at least 10 per cent of Group turnover, and still equivalent to at least loans due for repayment during

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the next 90 days, shall be available in the form of liquid funds or confirmed credit facilities. To minimise the refinancing risk, the aim is to achieve an even spread of maturities as well as a long average maturity of the loan portfolio. The goal is that the average remaining term of the Group's loan portfolio shall exceed 5 years. As of December 31, 2007 this amounted to 6.5 years. The average term of VFT's loans amounted to 7.1 years. The maturity profile of VFT's loans is shown on page 20.

To safeguard the Group's availability of funds and to maintain considerable flexibility in the selection of financing forms and loan markets, the Group has access to several loan programmes. Two Commercial Paper and two Medium Term Notes programmes have been established. VFT's total loan debt, analysed according to type of loan, is shown in the diagrams on page 20.

Vattenfall's credit rating for long and short-term borrowing, respectively, is A-/A-2 from Standard & Poor's and A2/P-1 from Moody's. The aim is to have a credit rating at the single A level. Loans, which are issued by VFT are guaranteed by Vattenfall AB.

Interest Rate and Currency Risk

Interest rate risks relating to the Group's borrowing are managed using a portfolio method whereby the duration of the debt portfolio is allowed to fluctuate by not more than 12 months on either side of a norm of 2.5 years. As of December 31, 2007 the duration amounted to 2.6 years. The interest rate risks are measured by Value at Risk on a daily basis and are managed together with currency risks within a total established risk limit.

As a rule, VFT does not take any currency risks with respect to its long-term loan portfolio. Virtually all currency risks in other forms of transaction exposure are hedged through matching and different types of derivatives. Any remaining exposure is then managed together with the interest rate exposure within the established risk limit.

Interest rate and currency risks in VFT's borrowing, internal bank and trading operations, measured as Value at Risk with confidence interval 99% and holding period 1 day amount to SEK 100 million as of December 31, 2007.

The interest rate sensitivity (for VFT) in the lending to Group companies is managed by matching the conditions on the internal lending with the conditions on the external borrowing in the long term.

The Group's equity in foreign currency is hedged by VFT on behalf of the parent company.

Credit Risk

Credit risks are managed within the framework of established limits based on external ratings or internal credit assessments. Individual limits are established for each counterpart and each counterpart is regularly reassessed. Exposure is monitored continuously in relation to credit limits. Prior to long-term agreements being entered into, a general master agreement, such as ISDA is required.

Financing

The external net debt, i.e. external interest bearing liabilities less liquid assets, decreased during 2007 by SEK 1,824 million and amounted to SEK 44,503 million at the end of the year. During 2007 new loans have been raised by SEK 1,169 million and repayments have been made by SEK 6,605 million.

In June 2005, Vattenfall issued Capital Securities, which are reported as interest-bearing non-current liabilities. The maturity of the Capital Securities is perpetual and they are junior to all of Vattenfall's unsubordinated debt instruments. There is no redemption requirement although the intention is to repay the loan. The interest is fixed for the initial ten-year period, thereafter a floating rate is applied. The interest is conditional upon, among other things, Vattenfall's means of paying dividends to shareholders and the key ratio 'Interest Coverage Trigger Ratio' amounting to at least 2.5.

Exceeding the Revolving Credit Facility of EUR 1 000 million maturing 2013 other confirmed credit committed credit facilities amounted to SEK 100 million.

Internal Banking

The internal banking operation involves borrowing/lending within the Group and buying/selling currencies from/to group units, all on commercial terms. Group bank account systems, administered by VFT, are established in Sweden, Finland and Denmark. There are some 70 account holders.

At year-end, lending to group units amounted to SEK 93 987 million (97 360) while borrowing totalled SEK 47 427 million (48 482).

The interest level on long-term internal lending is determined yearly in advance based on VFT's calculated borrowing cost during the coming year.

Derivatives

Derivatives are used in financial risk management in line with the rules and limits established by the Board and Group Management with respect to interest and currency exposure and counterparty risks.

Derivatives are used to:

- Manage interest rate and currency exposure in the loan portfolio.
- Manage interest rate and currency exposure taken over from account-holders in the internal bank system.
- Manage trading positions within established risk limits.

Work of the Board of Directors

VFT's Board of Directors comprises four regular board members with the President as an alternate. During the financial year, the Board of Directors held seven meetings including one constituent board meeting. The work of the Board follows an annual plan and the rules of procedure established by the Board. Every year the Board meets the company's auditors.

Future Development

All liquidity in the Nordic area is centralized to Vattenfall Treasury. The process to fully integrate Poland and Germany has made good progress, but has not been finalized. The work on integrating and co-ordinating the financing activities of the foreign subsidiaries will continue.

During 2008 the company is planning to sign CSA (Credit Support Agreements) with its most important counterparties, with the aim to minimize future credit exposure and to avoid the banks so called credit charges for longer dated interest rate swaps and instruments alike.

Otherwise it is envisaged that the operations will be conducted in accordance with the same guiding principles as before.

Events after the balance sheet date

No significant events have been taken place after the balance sheet date up until the date of this report's publication.

Income statement

<i>SEK '000</i>	<i>Note</i>	<i>2007</i>	<i>2006</i>
Interest income	3	4 511 473	4 097 016
Interest expense	4	-3 900 596	-3 219 460
Net currency income/expense		-12 513	-9 055
Gross profit/loss		598 364	868 501
Personnel costs	5,6,7,8, 9	-20 239	-23 193
Other external costs	10, 11	-15 295	-12 946
Depreciation	14	-45	-141
		-35 579	-36 280
Operating profit/loss		562 785	832 221
Appropriations	12	34 323	25 184
Profit before tax		597 108	857 405
Tax	13	-167 462	-240 507
Net profit for the year		429 646	616 898

Balance sheet

SEK '000	Note	2007-12-31	2006-12-31
ASSETS			
Fixed assets			
<i>Tangible assets</i>			
Equipment	14	126	122
<i>Financial assets</i>			
	15		
Receivables from group companies		93 987 279	97 359 850
Receivables from associated companies		0	36 400
Receivables external		5 000	0
		<hr/>	<hr/>
		93 992 279	97 396 250
Total fixed assets		93 992 405	97 396 372
Current assets			
<i>Short-term receivables</i>			
Income tax receivable		916	98
Accounts receivable		360	31
Receivables from group companies		383	2 378
Other receivables		6	1 741
Prepaid expenses and accrued income	16	661 455	356 907
		<hr/>	<hr/>
		663 120	361 155
<i>Short-term investments</i>	22	4 257 565	4 695 398
<i>Cash and bank balances</i>		1 031 499	1 007 204
Total current assets		5 952 184	6 063 757
TOTAL ASSETS		99 944 589	103 460 129

SEK '000	Note	2007-12-31	2006-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital (500 shares at SEK 1000 each)		500	500
Statutory reserve		100	100
		<u>600</u>	<u>600</u>
<i>Non-restricted equity</i>			
Profit/loss brought forward		129 419	-57 388
Net profit for the year		429 646	616 898
		<u>559 065</u>	<u>559 510</u>
Total equity		559 665	560 110
Untaxed reserves	17	1 418	35 742
Provisions			
Pension obligations		1 266	625
Less: Capital in pension funds		-1 266	-625
Total provisions	18	0	0
Non-current liabilities			
Capital Securities		9 341 397	8 910 711
Other interest-bearing liabilities		30 430 426	31 806 184
Total non-current liabilities	19, 22	39 771 823	40 716 895
Current liabilities			
Interest-bearing liabilities external	19, 22	2 914 902	6 335 651
Interest-bearing liabilities to group companies	19	47 426 695	48 481 573
Interest-bearing liabilities to associated companies	19	7 105 750	4 977 500
Accounts payable	20	107	387
Accrued expenses and deferred income	20, 21	1 535 248	1 477 446
Other liabilities to group companies	20	614 979	874 493
Other current liabilities external	20	14 002	332
<i>Total current liabilities</i>		<u>59 611 683</u>	<u>62 147 382</u>
TOTAL EQUITY AND LIABILITIES		99 944 589	103 460 129
Pledged assets (security balance for Swedish Option Market)		4 238	959
Contingent liabilities		25	13

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Change in equity

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Non-restricted equity</i>	<i>Total</i>
Opening balance 2006-01-01	500	100	560 218	560 818
Profit for the year			616 898	616 898
Group contribution paid			-857 785	-857 785
Tax on group contribution			240 179	240 179
Closing balance 2006-12-31	500	100	559 510	560 110
Profit for the year			429 646	429 646
Group contribution paid			-597 349	-597 349
Tax on group contribution			167 258	167 258
Closing balance 2007-12-31	500	100	559 065	559 665

Cash Flow Statement

SEK '000	Note	2007	2006
Cash flow from operating activities			
Net profit for the year		429 646	616 898
Adjustment for the effects of non-cash items			
Depreciation		45	141
Capital loss		79	0
Change in interest receivable in accrued income	a	-304 548	8 247
Change in interest payable in accrued expenses	a	57 802	113 731
Exchange rate differences		33 975	11 646
Appropriations		-34 323	-25 184
Tax	a	166 440	240 349
Cash flow from operating activities before changes in working capital		349 116	965 828
Cash flow from changes in working capital			
Increase(-) / decrease (+) in receivables		3 401	-4 062
Increase(-) / decrease (+) in receivables		14 311	232
Cash flow from operating activities		366 828	961 998
Cash flow from investing activities			
Investment in tangible fixed assets		-128	0
Cash flow from investing activities		-128	0
Cash flow from financing activities			
Decrease (-) / increase (+) in:			
bond loans, long-term bank loans and Capital Securities		-4 174 212	-1 792 733
commercial paper-based borrowing and short-term bank loans		-191 609	-95 082
deposits from group and associated companies		1 073 372	11 245 795
lending to group and associated companies		3 403 971	-5 062 399
investments with > 3 months' maturity		-1 410 472	0
Group contribution made		-857 785	-771 098
Cash flow from financing activities		-2 156 735	3 524 483
Cash flow for the year		-1 790 035	4 486 481
Liquid assets at the beginning of the year			
Exchange rate differences in liquid assets		-33 975	-11 646
Liquid assets at the end of the year	b	3 878 592	5 702 602
Notes to the Cash Flow Statement			
Note a: Interest and tax paid			
		2007	2006
Interest received and other financial income		4 206 925	4 105 263
Interest paid and other financial expenses		3 842 794	3 105 729
Tax paid (+) / Tax refunded (-)		1 529	967
Note b: Liquid assets			
		2007	2006
Investments with < 3 months' maturity		2 847 093	4 695 398
Cash and bank balances		1 031 499	1 007 204
Liquid assets at the end of the year		3 878 592	5 702 602

Notes to the accounts

SEK '000 except where indicated

Note 1 Accounting Policies and Valuation Principles

The annual accounts have been prepared according to the Swedish GAAP, i.e. in accordance with the Swedish Annual Accounts Act and Recommendation (RFR 2.1) of the Swedish Financial Reporting Board on accounting for legal entities. The exception rule concerning IAS 39 is adopted, which means that financial instruments are reported at cost. The introduction of RFR 2.1 has not implied any differences in the policy compared with those used in the annual accounts 2006.

Financial assets and liabilities are reported with application of the settlement date principle.

Estimations and assessments

There are no uncertainties of the valuation due to the adoption of the exception rule concerning IAS 39.

Foreign Currencies

Transactions in foreign currencies are translated to the functional currency (SEK) at the exchange rate on the day of the transaction. On the balance sheet date, assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate applicable on that day.

Interest income

Interest income consists of interest income on bank balances, receivables and interest-bearing securities and forward premium in forward currency agreements. Interest income is reported as it is earned.

Interest expenses

Interest expenses consists of interest expenses on loans, forward premium in forward currency agreements and issue expenses and similar direct transaction costs for raising loans. Interest expenses are distributed over the term of the transactions.

Plant and Equipment

Depreciation of plant and equipment according to plan is based on the cost and estimated economic life of the company's plant and equipment.

Receivables and financial debts

In this category financial fixed assets, short term receivables, interest-bearing and non interest-bearing debts are classified. Lending to group-, associated- and external companies are classified as financial fixed asset irrespective of remaining duration.

Receivables and financial debts are shown initially at cost and subsequently at amortised cost. Issue expenses are distributed over the term of the loan and recorded as financial expenses.

Financial assets

In this category cash, bank balances and short term investments with original terms less than three month are classified. The category includes short terms investments, with original terms more than three month. In the category assets held for trading purposes are classified, which means that the aim is for them to be divested in the near term.

The assets are shown initially at cost and subsequently at the lowest of cost and the fair value. Unrealized losses are set off against unrealized profits (per portfolio with the same risk profile). Excess losses are recorded over the income statement. Equivalent profits are not included in income.

Derivatives

Forward currency agreements are valued at balance sheet date rates. The forward premium is distributed over the life of the contract and recorded as interest. Interest and currency swaps are made in order to secure against exposure to interest and exchange rate risks. These swaps are valued at closing rates, and

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exchange differences and accrued interest are recorded in the income statement. Unrealized losses attributable to other derivatives are shown in the income statement, while unrealized gains are not recognized until they become liquid or the position is closed.

Provisions for pensions

Pension obligations are calculated in accordance with generally accepted Swedish actuarial principles and according to the Pension Obligations Vesting Act. The provision reported in the balance sheet corresponds to these pension obligations, entered net against plan assets of Vattenfall's Pension Foundation.

Taxes

Income tax comprises current tax and is reported in the income statement. Untaxed reserves are reported as a separate item in the balance sheet that includes deferred tax.

Contingent liabilities

A contingent liability is reported when there is a possible obligation that arises from events and whose existence is only confirmed by one or more doubtful future events or when there is an obligation that is not reported as a liability or provision because it is not likely that an outflow of resources will be required.

Not 2 Financial risks

Financial risks are monitored in the administrative report.

Note 3 Interest income

	2007	2006
Group companies	4 178 267	3 966 332
Associated companies	0	3 276
External	333 206	127 408
	<u>4 511 473</u>	<u>4 097 016</u>

Interest income includes other types of financial income by SEK thousand 6 (35).

Note 4 Interest expense

	2007	2006
Group companies	1 752 679	1 092 520
Associated companies	262 723	34 516
External	1 885 194	2 092 424
	<u>3 900 596</u>	<u>3 219 460</u>

Interest expense includes other types of financial expense by SEK thousand 18 042 (19 077).

Note 5 Salaries, other remuneration and social security expenses

	2007	2007	2006	2006
	Salaries and	Social security	Salaries and	Social security
	other remuneration	expenses	other remuneration	expenses
	(of which	(of which	(of which	(of which
	bonuses)	pension costs)	bonuses)	pension costs)
President (no remuneration to Board)	1 474	869	1 189	742
	(147)	(375)	(0)	(357)
Other employees	10 347*	6 297	12 897*	7 500
		(2 807)		(3 224)
	<u>11 821</u>	<u>7 166</u>	<u>14 086</u>	<u>8 242</u>
		(3 182)		(3 581)

* Of which other senior executives 3 468 kkr (3 055).

During the year, the President received a salary and other remuneration amounting to SEK 1 523

Note 6 Average number of employees

	2007	2006
Women	6	6
Men	12	12
Total	<u>18</u>	<u>18</u>

Note 7 Absence due to sickness %

	2007	2006
Total absence due to sickness	1,1	3,6
- long-term absence due to sickness	24,3	16,7
- absence due to sickness, men	0,9	1,4
- absence due to sickness, women	1,5	7,8

Note 8 Proportion of women to men, key personnel

	Women	Men
Proportion of women to men, Board of Directors	0	4
Proportion of women to men, other senior executives	1	4

Note 9 Pensions and agreements on severance pay

The President's future pension entitlement comprises benefits under the applicable supplementary pension scheme for salaried employees of Vattenfall with a retirement age of 65.

If his employment is terminated by the company, the President is entitled to severance pay, excluding salary during the period of notice (6 months), equivalent to 12 months' salary. Settlement is to be made from a new position.

Note 10 Leasing

	2007	2008	2009-2010
Charges paid/agreed for operating leases	574	443	393

Note 11 Reimbursement of auditors

	2007	2006
Ernst & Young AB		
Audit engagements	545	321
Other fees	247	165

Note 12 Appropriations

	2007	2006
Difference between book depreciation and depreciation according to plan	3	60
Reversal of tax allocation reserve	34 562	25 504
Allocation to tax allocation reserve	-242	-380
	<u>34 323</u>	<u>25 184</u>

Note 13 Tax

	2007	2006
Tax on profit for the year	204	319
Tax expense attributable to previous years' results	0	9
Tax on profit for the year	<u>167 258</u>	<u>240 179</u>
Total	167 462	240 507

Reconciliation of effective tax rate

	2007		2006	
	Amount	%	Amount	%
Profit before tax	597 108		857 405	
Tax according to current tax rate	167 189	28,00	240 073	28,00
Non-deductible expenses	18	0,00	24	0,00
Standard interest on tax allocation reserve	254	0,04	400	0,05
Tax-adjustment for previous periods	0	0,00	9	0,00
Effective tax rate	<u>167 462</u>	<u>28,05</u>	<u>240 507</u>	<u>28,05</u>

Note 14 Tangible fixed assets, equipment

	2007	2006
Acquisition value brought forward	902	7 118
Purchases	128	0
Sales/disposals	-902	-6 216
Accumulated acquisition values carried forward	128	902
Depreciation brought forward	-780	-6 855
Sales/disposals	823	6 216
Depreciation for the year	-45	-141
Accumulated depreciation carried forward	-2	-780
Book value carried forward	126	122

Note 15 Financial fixed assets

	2007 Group companies	2007 Associated and external companies	2006 Group companies	2006 Associated companies
Balance brought forward	97 359 850	36 400**)	92 297 451	36 400**)
New lending	4 886 004	5 000*)	8 338 019	
Payments received	-5 332 104	-36 400**)	-10 443 379	
Net change in lending with no fixed maturity	-2 926 471		7 167 759	
Balance carried forward	93 987 279	5 000*)	97 359 850	36 400*)

*) Refers to external lending

**) Refers to associated companies. The company was sold in Dec 2006. The loan was repaid in the beginning of Jan 2007.

Maturity profile of financial fixed assets

	Maturity < 1 year	Maturity 1 to 5 years	Maturity > 5 years	No fixed maturity *)	Total
Receivables from:					
Group companies	12 123 859		18 738 290	63 125 130	93 987 279
Associated and external companies	0		5 000		5 000
Total	12 123 859	0	18 743 290	63 125 130	93 992 279

*) Concerns financing of the Group's fixed assets.

Lending in foreign currencies

All lending in foreign currencies has been hedged through derivatives or matching in accordance with the risk policy. Consequently, there is no currency risk.

Note 16 Prepaid expenses and accrued income

	2007	2006
Accrued interest income	362 536	317 726
Other accrued income	52 531	19 104
Prepaid expenses	13 710	20 077
Unrealised exchange gains on derivatives	232 678	0
Total	661 455	356 907
Of which, Group	356 955	317 240

Note 17 Untaxed reserves

	2007	2006
Difference between book depreciation and depreciation according to plan	29	33
Tax allocation reserve 2002		34 562
Tax allocation reserve 2003	30	30
Tax allocation reserve 2006	737	737
Tax allocation reserve 2007	380	380
Tax allocation reserve 2008	242	
	<u>1 418</u>	<u>35 742</u>

The deferred tax liability in untaxed reserves is SEK thousand 397 (10 008) calculated on the basis of 28 % tax rate.

Note 18 Provisions for pensions

Most employees are covered by a pension plan that is primarily a defined benefit plan, known as ITP Vattenfall. There are also pensions plans that are defined contribution plans. The benefits are secured in Vattenfalls Pension Fund through provisions. The pension obligations are subject in their entirety to the Pension Obligations Vesting Act.

	2007	2006
Capital value of pension obligations for non-insured pensions at the beginning of the period.	625	0
+ Cost excluding interest cost	545	539
+ Interest cost	38	10
+ Other change in the capital value	58	76
Capital value of pension obligations for non-insured pensions at the end of the period.	<u>1 266</u>	<u>625</u>

Fair value of assets held separately at the beginning of the period	625	0
+ Return on assets held separately	8	0
-/+ Payments to and from Pensions Funds and similar	649	625
= Fair value of assets held separately at the end of the period	<u>1 282</u>	<u>625</u>

Reconciliation of capital value

Capital value of pension obligations for non-insured pension at the end of the period	1 266	625
- Fair value of assets held separately at the end of period	-1 282	-625
+ Surplus in assets held separately	16	0
= Net reported pension obligations	<u>0</u>	<u>0</u>

Total cost and income for pensions

Non-insured pension plans

+ Cost excluding interest cost	545	539
+ Interest cost	38	10
+ Return on assets held separately	-8	0
= Cost for non-insured pension plans	<u>575</u>	<u>549</u>

Insured pension plans

+ Insurance premiums or similar	1 992	2 315
= Subtotal	<u>2 567</u>	<u>2 864</u>
+ Special employer's contribution on pension costs	616	717
+ Cost for credit insurance	0	0
= Pension cost for the year	<u>3 183</u>	<u>3 581</u>

Fair value on assets in Pension Fund were allocated as follows

Interest-bearing securities, liquid assets	614	227
Shares and other investments	668	398
	<u>1 282</u>	<u>625</u>

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The fair value of the Pension Fund's holdings of

Financial instruments issued by VFT	0	0
Assets utilized by VFT	0	0

Return as a percentage on assets held separately	1,3%	5,9%
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Actuarial assumptions

Discount rate %	3,64%	3,64%
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The calculation of pensions are based on salary and pension levels on the balance sheet day.

Note 19 Interest-bearing liabilities**Change during the year**

	2007 External	2007 Group and associated companies	2006 External	2006 Group and associated companies
Balance brought forward	47 052 546	53 459 073	48 940 361	42 213 278
Capital Securities, bond loans and long-term bank loans raised	669 480		2 152 505	
Repayment of bond loans and long-term bank loans	-6 413 341		-3 100 988	
Increase/decrease in commercial paper- based borrowing and other short-term loans	308 391	762 472	-95 082	11 340 795
Exchange rate differences	1 069 649	310 900	-844 250	-95 000
Balance carried forward	42 686 725	54 532 445	47 052 546	53 459 073

Analysed according to maturity

	< 1 year	1 - 5 years	> 5 years	Total
Commercial Paper	-256 783			-256 783 *)
Medium Term Notes	2 671 685	15 992 754	13 864 172	32 528 611
Capital Securities			9 341 397	9 341 397
Loans from credit institutions	500 000	473 500	100 000	1 073 500
Liabilities to associated companies	7 105 750			7 105 750
Liabilities to group companies	47 426 695			47 426 695
Total	57 447 347	16 466 254	23 305 569	97 219 170

*) Refers to currency swaps related to liabilities to group companies

Remaining fixed term in loan portfolio

Excluding Capital Securities. Nominal amount

	Debt	Derivatives	Total
< 3 months	1 680	-12 651	-10 971
3 months - 1 year	3 739	16 171	19 910
1 year - 5 years	14 560	5 105	19 665
< 5 years	13 146	-8 071	5 075
Total	33 125	554	33 679

Borrowing in foreign currencies

93 % (94) of all external borrowing is denominated in foreign currencies. All foreign currency borrowing has been hedged through derivatives or matching, thereby eliminating currency risk exposure.

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Credit facilities 2007

	<i>Limit</i>	<i>Currency</i>	<i>Draw-downs %</i>	<i>Book draw-downs (MSEK) 2007-12-31</i>
<i>Financing programmes</i>				
Commercial Paper	15 000	MSEK	0	0
Euro Commercial Paper	2 000	MUSD	56	6 912
Medium Term Note	10 000	MSEK	7	650
Euro Medium Term Note	6 000	MEUR	58	31 879
<i>Committed credit facilities</i>				
Revolving Credit Facility*)	1 000	MEUR	0	0
Overdraft facilities	100	MSEK	0	0
				<u>39 441</u>

Credit facilities 2006

	<i>Limit</i>	<i>Currency</i>	<i>Draw-downs %</i>	<i>Book draw-downs (MSEK) 2006-12-31</i>
<i>Financing programmes</i>				
Commercial Paper	15 000	MSEK	0	0
Euro Commercial Paper	2 000	MUSD	40	5 585
Medium Term Note	10 000	MSEK	8	835
Euro Medium Term Note	6 000	MUSD	69	36 920
<i>Committed credit facilities</i>				
Revolving Credit Facility*)	1 000	MEUR	0	0
Overdraft facilities	371	MSEK	0	0
				<u>43 340</u>

*) Back-up facility for Commercial Paper Programmes.

Note 20 Non-interest-bearing liabilities by maturity

	<i>< 1 year</i>	<i>1 - 5 years</i>	<i>> 5 years</i>	<i>No fixed maturity</i>	<i>Total</i>
Accounts payable	107				107
Liabilities to group companies	598 606			16 373	614 979
Accrued expenses and deferred income	1 535 248				1 535 248
Other liabilities	14 002				14 002
Total	<u>2 147 963</u>	<u>0</u>	<u>0</u>	<u>16 373</u>	<u>2 164 336</u>

Note 21 Accrued expenses and deferred income

	<i>2007</i>	<i>2006</i>
Accrued interest	1 531 034	1 414 251
Unrealised losses on derivatives	0	57 137
Other items	4 214	6 058
Total	<u>1 535 248</u>	<u>1 477 446</u>
Of which, Group	53 208	43 131

Not 22 Fair value

excluding accrued interest

	2007		2007		2006	2006
	Book	Fair	value	Book	value	Fair
	value					value
<i>Short-term investments</i>						
Interest-bearing investments	4 257 565	4 258 802		4 695 398		4 696 360
<i>Interest-bearing liabilities, external</i>						
Bond loans	31 954 941	32 936 877		36 896 218		38 864 021
Capital Securities	9 341 397	9 833 854		8 910 711		9 741 317
Liabilities to credit institutions	1 073 500	1 089 540		452 500		474 361
Derivatives	316 887	659 177		793 116		271 940
Total	42 686 725	44 519 448		47 052 545		49 351 639
<i>Other derivatives</i>						
(currency forward contracts, interest forward contracts, interest rate swaps)	271 353	179 997		-49 104		-74 512

Proposed Distribution of Profits

Non-restricted profits of SEK 559 665 208 are at the disposal of the annual general meeting.

The Board proposes that SEK 559 665 208 be carried forward.

The company has paid group contribution of SEK 597 349 000.

The Board of Directors and President's affirmation upon signing the annual accounts for 2007

The undersigned certify that the annual report has been prepared in accordance with generally accepted accounting principles, and give a true and fair view of the financial positions and results of the Company, and that the management report of the Company gives a fair review of the development of the operations, financial position and result of the Company and describes substantial risks and uncertainties that the company faces.

Stockholm, February 14, 2008

Jan-Erik Back
Chairman

Kimmo Mattila

Erik Hagland

Hans-Jürgen Meyer

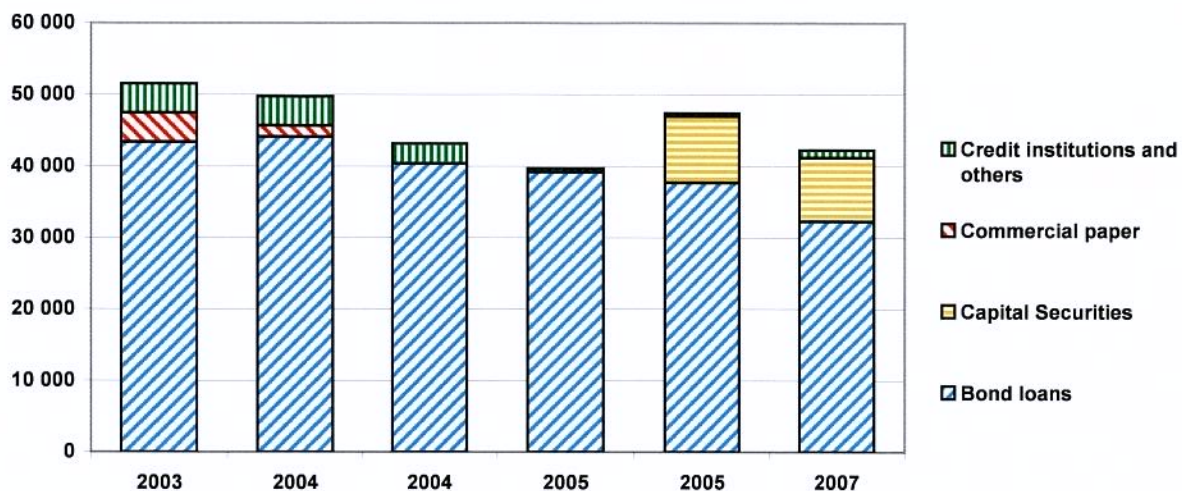
Johan Gyllenhoff
President

Our audit report on these accounts was submitted on February 14, 2008

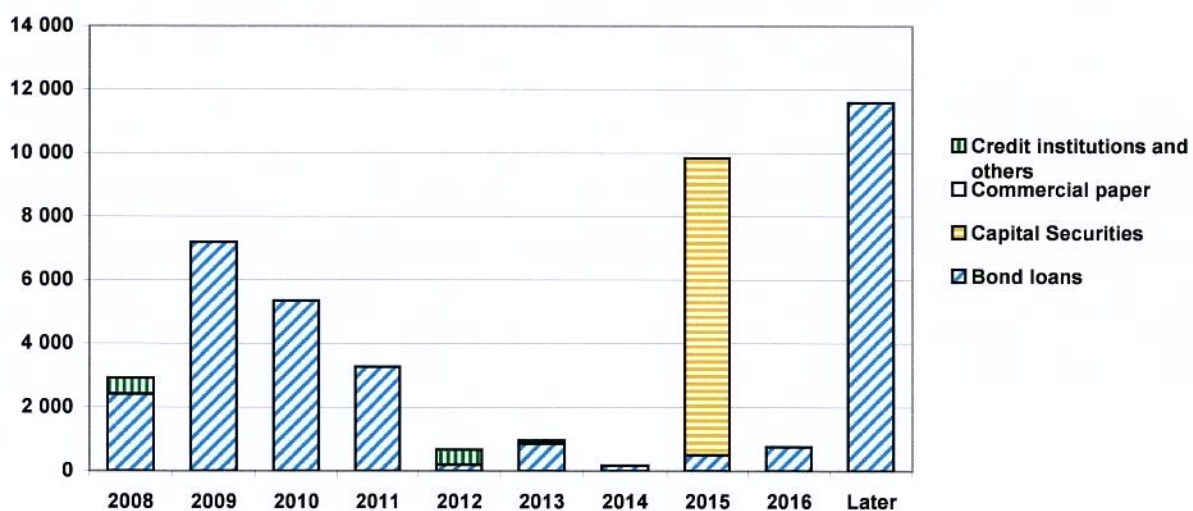
Ernst & Young AB

Lars Träff
Authorized public accountant

TOTAL BORROWINGS, MSEK



MATURITY PROFILE, MSEK



Audit Report
To the Annual General Meeting of
Vattenfall Treasury AB
Co. Reg. No. 556439-0606

We have audited the annual accounts and the accounting records and the administration of the board of directors and the managing director of Vattenfall Treasury AB for the year 2007. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts. Our responsibility is to express an opinion on the annual accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts as well as evaluating the overall presentation of information in the annual accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The statutory administration report is consistent with the other parts of the annual accounts.

We recommend to the annual meeting of shareholders that the income statement and balance sheet be adopted that the profit be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, 14 February 2008

Ernst & Young AB

Lars Träff
Authorised public accountant